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No. 92-818

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IN THE
Supreme Court of the United States
OCTOBER TERM, 1992

JEROME H. LEMELSON,
Petitioner,
v.
MATTEL, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF OF PETITIONER

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REPLY BRIEF OF PETITIONER

Contrary to Mattel's contentions, it is not petitioner but respondent that has mischaracterized the essential nature of the decision below in order to find some colorable basis for defending it. This is not a case where the Federal Circuit had difficulty *interpreting* some particular language in the patent claim and looked to the prosecution history to see how that language had previously been understood. Here, the court of appeals held that one aspect of the prosecution history—the initial rejection of some clauses followed by the addition of others—operated *as a matter of law* to require the *assumption* that the added clauses of the claim contained some additional limitation distinguishing it from prior art. It reached this conclusion on the theory that the initial rejection in essence estopped petitioner from relying on the most natural reading of the claim as a whole—

a reading that fully supports the undisputed conclusion that the claim is patentably distinguishable from the prior art, and also leads inexorably to the conclusion that the claim is identical to Hot Wheels.

This approach constitutes a clear departure from the fundamental principle, not questioned by respondent, that the scope of a patentee's rights, in a case of alleged literal infringement, is determined by the scope of the claim as a whole. *See* Pet. 12-13. Under the Federal Circuit's new rule, parties seeking to construe a patent claim must engage in the same kind of hypothetical reasoning reflected in the court's decision—disregarding stated elements of the claimed invention that validly distinguish it from prior art (if they were included in previously rejected clauses) and assuming that other clauses (added later) contain new limitations even when their plain language demonstrates otherwise. The result will be a major, unworkable change in the way that the patent system operates.

1. Respondent, in its effort to fit this case within the category of legitimate interpretation of claim language, acts as if the Federal Circuit accepted respondent's argument that the final clause of petitioner's claim—referring to "upwardly extending rails for guiding the wheels of a vehicle"—describes a " 'railroad track' type rail," Br. in Opp. at 15, on which the car's wheels would run. This argument, however, was expressly rejected by the district court, Pet. App. 21a, and was never discussed by the Federal Circuit.[1] The latter court did not even mention the "upwardly extending rail[]" language in the

[1] The Federal Circuit had good reason for avoiding reliance on this argument. Although respondent contends that the best reading of the final clause limits the claim to "railroad" devices like that portrayed in petitioner's Figure 9a, *see* Br. in Opp. at 10, the PTO examiner in fact acknowledged that the final version of the claim was consistent with Figure 9, *see id.* at 6; Pet. 4 n.2, a drawing that does not include "railroad" tracks and is essentially identical to Hot Wheels.

claim—or any other specific language that might require clarification by means of the prosecution history.

The reason, as we have noted, was that the court was not engaged in interpretation of the claim as it reads. It was announcing a new rule that the claim had to be construed without regard to its language, in light of one aspect of the prosecution history. Put differently, what the Federal Circuit held was not that petitioner had implicitly acknowledged that his claim had a particular *meaning* but that he was barred from contesting a *legal* conclusion—that the first five (initially rejected) clauses were invalid in light of prior art. This bar, in turn, formed the basis of the requirement that petitioner identify some new distinguishing feature described in the final two clauses and demonstrate that Hot Wheels included that feature.

This approach is indefensible because it means that the scope of a patentee's rights no longer depends on the language of the claim as issued. Under the traditional rule, it is appropriate to adopt an interpretation of the language in the claim that comports with the contemporaneous descriptions offered in the prosecution history by the patentee. But it is quite another matter to hold that the patentee is estopped from taking a legal position (*i.e.*, that the patent claim taken as a whole validly distinguishes prior art) merely because he failed to appeal the examiner's initial rejection of that position and instead relied on the examiner's apparent later change of heart.

It follows that the legal authorities cited by respondent to support the decision below are simply inapposite. Thus, for example, respondent cites *Jonsson v. Stanley Works*, 903 F.2d 812 (Fed. Cir. 1990), for the proposition that a patentee may not resurrect an interpretation of a claim that was disclaimed in the prosecution history. Br. in Opp. 20. That was a case, however, where the patentee had expressly told the PTO Examiner that the

claim had a specific meaning. *See* 903 F.2d at 817-18. Here, by contrast, there is no statement by petitioner in the prosecution history supporting the Federal Circuit's assumption that the final clauses of the claim added some new limitation. The court held instead that petitioner's failure to challenge the initial rejection of the first five clauses required it to make that assumption—*i.e.*, to "interpret" the claim independent of its actual language.

Similarly, *Graham v. John Deere Co.*, 383 U.S. 1 (1966), *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126 (1942), and *I.T.S. Rubber Co. v. Essex Rubber Co.*, 272 U.S. 429 (1926), were all cases where the patentee had amended the claim in order to distinguish it from prior art and had expressly acknowledged the limiting effect of these changes. *See* 383 U.S. at 32-33; 315 U.S. at 133-35; 272 U.S. at 438-44. Here, although the claim was changed after an initial rejection, that change did not, on its face, add a distinguishing limitation, and the prosecution history is devoid of any indication that anyone understood the change in this way. Instead, the only fair reading of the prosecution history is that the examiner came to understand that his initial rejection was erroneous and, indeed, acknowledged that the revised claim reflected an invention identical to Hot Wheels.

2. To the extent that there is any doubt with respect to the nature of the ultimate understanding reached by petitioner and the PTO examiner (and thus some potential basis for arguing that they read the final claim as not covering a product like Hot Wheels), the resolution of this question constituted a factual matter within the purview of the jury. As we have noted, the actual understanding of a claim during the prosecution history can inform its later interpretation. Here, for example, if it were shown that petitioner and the examiner interpreted the claim as covering only "railroad" type tracks, that could have justified a judgment for respondent. But the jury plainly found otherwise, and the Federal Circuit

in effect disregarded this finding by enunciating its rule that one aspect of the prosecution history mandated a particular "interpretation."

Respondent attempts to deal with this problem by arguing that the prosecution history itself was undisputed and thus created no subsidiary factual issue to be resolved prior to the interpretation of the claim. Br. in Opp. at 24-25. But this argument depends on the legal validity of the Federal Circuit's "estoppel" reasoning: the prosecution history was only "undisputed" to the extent that the failure to appeal the initial rejection of the claim *by itself* had the legal consequences described by the Federal Circuit. As we have shown, that premise is legally incorrect.

Thus, the only way that the prosecution history could come into play in this case is through resolution of the question of how petitioner and the examiner ultimately understood the claim when it was issued. That, in turn, is clearly an issue of fact that the jury was empowered to decide. *See Johnston v. IVAC Corp.*, 885 F.2d 1574, 1579-80 (Fed. Cir. 1989). Moreover, as we have shown, Pet. 17-18, the facts provided an ample basis for the jury's conclusion that the claim was never understood as including limitations inapplicable to Hot Wheels.

In sum, this case plainly does illustrate the Federal Circuit's repeated willingness to intrude into the province of the finder of fact where necessary to reach what is perceived as a proper outcome. For this reason as well, a grant of review is warranted.

CONCLUSION

The petition should be granted.

Respectfully submitted,

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